

1                                   **VIRGINIA TOBACCO INDEMNIFICATION**  
2                                   **AND COMMUNITY REVITALIZATION COMMISSION**

3                                   701 East Franklin Street, Suite 501

4                                   Richmond, Virginia 23219

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9                                   **Southwest Economic Development Committee Meeting**

10                                  Thursday, October 4, 2007

11                                  11:00 a.m.

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13                                  Wytheville Meeting Center - Grand Ballroom B

14                                  Wytheville, Virginia

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CRANE-SNEAD & ASSOCIATES, INC.  
4914 Fitzhugh Avenue, Suite 203  
Richmond, Virginia 23230  
Tel. No. (804) 355-4335

1    **APPEARANCES:**

2    The Honorable Terry G. Kilgore, Chairman

3    The Honorable Phillip P. Puckett, Vice Chairman

4    Mr. Stephen S. Banner

5    Mr. Fred M. Fields

6    The Honorable Joseph P. Johnson, Jr.

7    Mr. H. Ronnie Montgomery

8    Mr. David Smith, Assistant Secretary of Commerce and Trade

9    Mr. James C. Thompson

10   The Honorable William C. Wampler, Jr.

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13   **COMMISSION STAFF:**

14   Mr. Neal Noyes, Executive Director

15   Mr. Timothy J. Pfohl, Grants Program Administration Manager

16   Ms. Sara Williams, Grants Coordinator, Southwest Virginia

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1 DELEGATE KILGORE: Good morning, thank  
2 you all for coming. This is the Southwest Economic Development  
3 Committee meeting. As you can see from the list, we have a lot more  
4 applications than we do money. Some of the projects that we do fund, or  
5 that have been recommended for funding and not funded here, have been in  
6 the works for the last two or three years. Some of you have been working  
7 with staff, and some of you have been working with the Governor's Office  
8 and others to try to get other funding, if other funding is available. I want to  
9 let you all know that up front. We have these meetings at least once a year,  
10 and sometimes twice a year, and if you don't receive funding one year there  
11 is no reason you can't reapply. I wanted to let everybody know that up front.  
12 We have a big docket here, and we have a meeting coming behind us, so I  
13 guess we need to call the roll at this time.

14 MR. NOYES: Mr. Banner?

15 MR. BANNER: Here.

16 MR. NOYES: Mr. Fields?

17 MR. FIELDS: Here.

18 MR. NOYES: Mr. David Smith?

19 MR. SMITH: Here.

20 MR. NOYES: Delegate Johnson?

21 DELEGATE JOHNSON: Here.

22 MR. NOYES: Mr. Montgomery?

23 MR. MONTGOMERY: Present.

24 MR. NOYES: Senator Puckett?

25 SENATOR PUCKETT: Here.

1 MR. NOYES: Mr. Thompson?

2 MR. THOMPSON: Here.

3 MR. NOYES: Senator Wampler

4 SENATOR WAMPLER: Here.

5 MR. NOYES: Delegate Kilgore?

6 DELEGATE KILGORE: Here.

7 MR. NOYES: Mr. Chairman, you have a quorum.

8 DELEGATE KILGORE: Before we get started,  
9 do we have any members here who would like to make a comment before  
10 we get started on our regular Agenda?

11 MR. BANNER: Mr. Chairman, a major concern  
12 that I have, and I look at the projects here, and they total \$15 million plus,  
13 and one of the major concerns I have is for our farmers, tobacco farmers that  
14 have moved to beef cattle production. Those folks are on the brink of  
15 disaster, I think. I fear that you're going to see a lot of family farms that will  
16 have to go out of business because there is no feed for the livestock this  
17 winter. The cost is running now somewhere between \$90 and \$100 for a  
18 bale of hay, and it's awfully hard for family farms to pay that cost. I'm going  
19 to suggest, Mr. Chairman, that we look at this and our \$15 million, a portion  
20 of it, and I certainly haven't researched enough to know how much it's going  
21 to take to help the farmers through this time, but I think one of the crucial  
22 points is they need help now, and I think it's critical. Since I've been on the  
23 Commission we've done very good to help with the various projects, and I  
24 mean these industrial projects, help the farmers get their family or their  
25 students into college. I think now we have an opportunity to turn back and

1 help the actual farmers trying to make it. I'm not so much concerned with  
2 the major producers as I am the family farm operations that run 25 to 30  
3 head of beef cattle, that are trying to grow their own hay, grow other feed.  
4 Those folks are faced with a dilemma where they'll either have to sell at  
5 probably 50 cents on a dollar their cattle this fall. If my predictions are  
6 correct, in the spring it's going to be very difficult to buy those back even at  
7 \$1.50.

8           My suggestion is that we consider, or the Committee consider  
9 holding all the applications we have before us for Economic Development  
10 until we get a handle on what the farmers' needs are and how we can help  
11 them. We can do that to the point of transferring this money to  
12 Agribusiness, which is where I think it's going to have to come from. I also  
13 think we need the Attorney General's ruling on this. Senator Puckett  
14 indicated and Senator Wampler, if this is possible to run this through the  
15 extension agents, the Farm Service Agency, as far as the availability of hay  
16 and what it would cost to do this. We'd probably have to go north to get it.  
17 I'm not advocating we give free hay to these folks, but I am advocating that  
18 we pay the shipping on it. It's still going to be bumped up, because you all  
19 know supply and demand would indicate that it would be higher than  
20 normal, and certainly it's not anything that's easy to purchase for the farmers.  
21 If we can help defray the cost on that and get some hay to Southwest  
22 Virginia, I think that will help. I think it's a Southwest Virginia problem,  
23 because Southside doesn't grow near the beef cattle or the cattle operations  
24 that Southwest Virginia has. Most of these people we're talking about are  
25 tobacco farmers, or were. Now they've moved over to beef cattle.

1                   Mr. Chairman, my suggestion is that we delay action on the  
2 Economic Development issues before us and save the money and try to set a  
3 meeting before the full Commission meeting late in October. I think it's  
4 something we need to do now, and I think time is crucial. Some of them  
5 have sold, and some are on the verge of selling, because they see no help  
6 down the road. We've had a state program, and we've had government  
7 assistance and state disasters that have been declared. I don't know where  
8 else the farmers will get any help.

9                   Secondly, the federal government, their programs at this point  
10 have been low interest loans to the farmer. Part of the qualifications to be  
11 met is to be denied credit from two lending institutions before going for a  
12 low interest loan. Farmers that have been denied credit from two lending  
13 institutions, in my opinion, don't need to borrow money, anyway. That's the  
14 qualifications on the low interest loans. None of that really helps the  
15 farmers when they need help, which is now. I think we need something  
16 now. With all due respect to the Chairman, we have to act now. So I would  
17 suggest that Delegate Johnson convene the Agribusiness Committee as  
18 expeditiously as possible and look at this through the extension agents and  
19 the Farm Service Bureau. We need to find out is it available, and can we  
20 buy it, and what's the transportation cost on it, where is it coming from. My  
21 best guess is I think there's some in Canada and some of the western states. I  
22 don't have a clue as to what it would cost. If we could help the farmers  
23 defray that transportation cost and let them pay for the actual hay they get, I  
24 think our money could not be used any wiser for any other project.

25                   DELEGATE JOHNSON: Point of order. The

1   Agribusiness Committee cannot act on a suggestion. I think we have to have  
2   a motion for this, or the Executive Committee would have to act in order for  
3   the Agribusiness Committee to do anything. And with all due respect to Mr.  
4   Banner, I am not opposed, I am not speaking being opposed to it, but I just  
5   don't know if we can do it. If we do it, it's good and proper, and we have to  
6   do it according to our guidelines. The results are binding upon the people  
7   that act on it.

8                               MR. NOYES: Mr. Chairman, Delegate Johnson is  
9   correct. Executive Committee would have to obtain a motion just to make a  
10   recommendation to the full Commission to reallocate funds that were  
11   already allocated and approved by the full Commission. Mr. Banner is right  
12   on target. I'll check with the Attorney General's Office to make sure that  
13   doing what Mr. Banner suggested is within our statutory authority. The  
14   Executive Committee will meet two weeks from today in Roanoke in  
15   advance of the full Commission meeting, and could at that time consider a  
16   motion.

17                           DELEGATE KILGORE: Neal, could the  
18   Executive Committee consider an application or consider something along  
19   those lines?

20                           MR. NOYES: The staff hasn't researched it yet;  
21   we'd have to have an application in order to proceed. I don't think that's too  
22   much of a problem.

23                           DELEGATE KILGORE: Are there other monies  
24   available for that or could help us meet the needs that Mr. Banner is talking  
25   about? I realize it's very, since it's in my area.

1 MR. NOYES: There are funds available in the  
2 reserve account at this time which could be recommended by the Executive  
3 Committee for use by any of our committees, and certainly by the  
4 Agribusiness Committee. I'd recommend, Mr. Chairman, we'd proceed with  
5 today's Agenda, because final approval and recommendations to this  
6 Committee we wish to make will not take place until the full Commission  
7 meeting, which is after the Executive Committee meeting. It's not a zero  
8 sum situation.

9 DELEGATE KILGORE: If someone wants to  
10 request some dollars for this, they need to move pretty fast.

11 SENATOR PUCKETT: Mr. Chairman, let me  
12 make a motion that we defer this to the Executive Committee at their  
13 meeting in two weeks. In the meantime, I don't know whether it's possible,  
14 but we could do some research and find out what the possibilities are, so  
15 when it gets to the Executive Committee we can take a look at what we can  
16 do, and what there is in the reserve fund. That would be my motion.

17 Then my comments are, I don't think we can stop the process  
18 that we have here today, and everybody here is in a different situation. Mr.  
19 Banner is right, because this is a sensitive issue. If we can get some kind of  
20 indication from the Executive Committee at their meeting and find out what  
21 our opportunities are and find out what we can do, then we can move with  
22 what's in the reserve fund, so I'll make that motion. I'd make the motion we  
23 defer that to the Executive Committee for consideration and that we move  
24 forward with today's Agenda.

25 MR. MONTGOMERY: Second.



1 DELEGATE KILGORE: I have a motion and a  
2 second.

3 SENATOR WAMPLER: I'd also like to second  
4 the motion, and I'd like to make a friendly amendment, a friendly  
5 amendment to what Senator Puckett offered. That is that we direct our  
6 Executive Director to communicate with the Office of the Attorney General  
7 for an official opinion with regard to statutory authority to do what's been  
8 outlined here today, because I'm not sure that the Executive Committee  
9 would even take action on something with the securitized proceeds that  
10 would be used for Economic Development and indemnification of growers'  
11 loss of quota. I hope the maker of the motion will consider that a friendly  
12 amendment and it will also be a clear direction to our Director.

13 SENATOR PUCKETT: That's fine.

14 DELEGATE KILGORE: Before we vote, I  
15 appreciate Mr. Banner bringing this to our attention, because I think it's very  
16 important to the entire Commission that one of our goals is to keep the  
17 family farm in the family. I know we've been doing things like that and  
18 making sure that we get those dollars back to those family farms. I believe  
19 we're one of the few states that actually did that. Am I right, Mr. Director?

20 MR. NOYES: That's true.

21 DELEGATE KILGORE: I really think, Mr.  
22 Banner, we'll try to find out a way to see if we can do that to help. Anything  
23 I can do to help over the next couple of weeks before the Executive  
24 Committee meeting, I'll do. Maybe we can get the cattle group and some  
25 other groups together and see what we can do.

1                   MR. BANNER: I concur, Mr. Chairman, but I still  
2   have a problem, and that problem is spending \$15 million today and the  
3   needs that are out there today. I appreciate Neal's comments, I hope we can  
4   come up with enough money to save them, but still it seems a little, it  
5   bothers me to the point that we're spending this money for Economic  
6   Development, which is excellent and I'm all for it; I've supported every  
7   project we've had, but I think the makers of this money that we're spending  
8   and have spent for the last several years, I see a dire need of assistance right  
9   now to help them. I'd hate to spend \$15 million today on industrial  
10   development and economic development and come up four or five million  
11   short and not be able to serve all of Southwest Virginia.

12                  MR. NOYES: Just a reminder that this Committee  
13   acts to provide the recommendations to the full Commission, and there won't  
14   be approval of any funds today, because that will take place on the 25<sup>th</sup>, after  
15   the Executive Committee meets to consider the matter.

16                  MR. BANNER: Thank you, sir.

17                  DELEGATE KILGORE: We have a motion and a  
18   second, amended motion and a second. All those in favor of the motion say  
19   aye? (Ayes.) Opposed? (No response.) Thank you.

20                  Now, we're going to get started, and the way to proceed on this  
21   is let the individual that wants to get away and has a time problem, let them  
22   speak first on the application, and then I thought what we'd do is go through  
23   the ones that have been recommended first, and then we'll come back.  
24   Realizing that we have over 20 applications, and brevity would be welcome,  
25   so just remember that as we go along.

1                   Mr. Gatton wants to speak on the Virginia Intermont College.  
2   We'll let him speak first, and then we'll go through the remainder.

3                   MR. GATTON: Mr. Chairman, Delegate Kilgore  
4   and members of the Commission. It's my pleasure to be here today to appear  
5   before you. I'll try to be as brief as possible. My family is long-winded  
6   people. My father grew up on the farm and had 165 acres and four siblings.  
7   Then I came along and had a sister, she was a sister in college, and then I  
8   came along, became mother and daddy. My mother and brother-in-law  
9   delivered me, and I was almost 13 pounds, and they didn't have a hospital in  
10   the county until six years after I was born. My brothers and sisters were all  
11   delivered by the same doctor.

12                  DELEGATE KILGORE: Would you tell  
13   everybody your name?

14                  MR. GATTON: I'm Bill Gatton. I'm here on  
15   behalf of Virginia Intermont College, along with the President of the College  
16   and Chairman of the Board for some years. Without the two of those people  
17   I wouldn't be here. I'm here today because they're doing an outstanding job  
18   down there. As I said earlier, I grew up on the farm. When he died at 79  
19   years old in 1966 before I moved to Bristol had about 800 acres, or I mean  
20   1800 acres. At one time he had a big tobacco base; I think when he died  
21   maybe it was down to three or four acres. At one time it was in the forties. I  
22   always got to have an acre so I could earn money to go to college. He asked  
23   me one day if I had any worms on it, and I said, no, was about eight years  
24   old at that time. How do you know you don't have any worms, and I said, I  
25   drove by in the car the other day, and I didn't see any, but that doesn't work

1 very well. I know a little bit about tobacco, having put it up in the barn on a  
2 hot day, and also a lot of hay.

3 I didn't know anything about Virginia Intermont College, even  
4 though my office has been in Bristol all these years, until about nine months  
5 ago. I learned about it and found out they had one of the best equine  
6 programs in the United States. They won the national championship, either  
7 three out of four or four out of five years. I got concerned when I went over  
8 and saw some of the students how sincere they were. I found out what a fine  
9 equine program they had, and an arts school they had, and how it helps so  
10 many young kids that probably couldn't go to a lot of schools, because they  
11 gave them special attention. About half of the kids that go there are from the  
12 tobacco states and from Bristol. We've lost a lot of jobs in Bristol, many on  
13 the Virginia side and several on the Tennessee side. Those jobs have  
14 certainly affected the economy. I speak not only on behalf of the university,  
15 Virginia Intermont College, but also the economics of what they actually do.  
16 They got \$12 million last year, and I've seen that money turn over three and  
17 a half to four times within the community, and that's \$40 million or more.  
18 The sales tax on that is a couple of million dollars, 200 and some thousand  
19 dollars a year. That's a very important economic factor. Three hundred jobs  
20 they had down there before they started cutting back. That's an important  
21 economic factor right there. They've got some facilities today you couldn't  
22 replace for \$40 or \$50 million. When you build new economic  
23 developments you have to build new facilities, and they already have the  
24 facilities. What are those facilities going to be worth if they don't have the  
25 college there? The local banks in that area, and they're holding a mortgage,

1 and that mortgage needs to be paid off. I'm sure, with the proper effort,  
2 money could be raised for this school, and it would be there for another 123  
3 years, and that is how long it's been there. It's got a great heritage,  
4 wonderful faculty, and the finest students. It would be a shame for this  
5 whole area to lose, not only on the grounds of what it does for the  
6 community. When you bring in new industries, they want to know what  
7 you've got in the way of schooling and colleges for their children to go to  
8 school at, and special training.

9               You all are worried about the farmers, and no one in Southwest  
10 Virginia ever worried more about dry weather and wet weather than my  
11 father. He was always worried about one or the other. I've been there, and I  
12 know that's a problem, and you all recognize that, and I admire you for  
13 considering that.

14               I want to save something, and I want to save Virginia Intermont  
15 College and the almost 300 employee jobs there. I want to save the faculty,  
16 and I want to save a tradition-rich school. I know they've had a national  
17 championship in equine three out of the last four or five years, and I want to  
18 save that. What university wouldn't love to have a program like that?  
19 Tennessee State University down in Murfreesboro, they'd give anything to  
20 have that program. That's one of the reasons this school needs to be saved.  
21 I'd like to have this money so this school can survive. I'm not asking for  
22 money for it to be operated with. It wouldn't be operating today if I hadn't  
23 put out a challenge last April that I would give them a million dollars if they  
24 could raise five million more. My good friend stepped up to the plate, and  
25 he gave a million dollars. That was two of the 5.6 million they raised, and

1 \$850,000 of that was Ms. Worrell gave back a note she had for \$850,000. In  
2 new money, they raised four million seven; I was pleased to give them the  
3 eight hundred thousand. No one ever enjoyed making money more than I  
4 did, I can assure you that. I grew up on a farm, and I raised an acre of  
5 watermelon, and I did things to raise money to go to college on. Those are  
6 the things I did growing up, because I enjoyed making money. I sold an acre  
7 of watermelons in 1946 on the side of the road and made \$645. Nobody  
8 enjoys making money any more than me. I've had some successes, and I'm  
9 thankful that I have that. I enjoy just as much giving it away as I did making  
10 it. That's the reason I put this challenge out to try to save this wonderful old  
11 school. My hope is you'll recognize the need and importance. This  
12 wonderful facility will be worthless unless they continue to have the college  
13 functioning there. I hope you all recognize the need and you'll do something  
14 for the school. They had more new freshmen students this year than they've  
15 had in several years. They had a lot of students that were there before this  
16 year that didn't come back. They didn't come back for various reasons.  
17 They've had a substantial fund raiser. If you can step forward and help  
18 them, I'll do everything in my power to raise additional money to go along  
19 with it and see that it's there for another 123 years. I'll be happy to answer  
20 any questions that you may have.

21 I've got a letter that I'd like to read to you, or I can leave it with  
22 you. I had a scheduled meeting today, and I'm going to be late for it, but I  
23 thought it was very important for me to be here. I thought this was more  
24 important, to be here. I'll hand you this letter.

25 DELEGATE KILGORE: Thank you, any

1 questions?

2 DELEGATE JOHNSON: How many students do  
3 you have that are on the tobacco scholarships?

4 MR. GATTON: I don't know that any of them are  
5 on tobacco scholarships. They have 300 students from Bristol, Virginia and  
6 from the tobacco counties out of the 640 students. Three hundred of them  
7 are from the tobacco counties or from the Bristol area.

8 DELEGATE KILGORE: How many students do  
9 you have that attend the college who are on tobacco scholarships?

10 DR. PUGLISI: Good morning. I'm --

11 DELEGATE JOHNSON: Mr. Chairman, how  
12 many students are attending Virginia Intermont College who are on a  
13 tobacco scholarship?

14 DR. PUGLISI: We have very few people on  
15 tobacco scholarships. Most of our financial support is in the form of tuition  
16 discounts from the college. That's one of the reasons we've made it in the  
17 past years, by reducing our in-house tuition discounts by about half. There  
18 are very few students on the actual tobacco scholarships.

19 DELEGATE KILGORE: Do you know why we  
20 haven't gotten more students on the tobacco scholarships?

21 DR. PUGLISI: Probably a lack of awareness. One  
22 of the things we're doing this year to help with that situation is to make  
23 students more aware of other sources of funding that are available that they  
24 didn't previously know about, and also private foundations, as well as public  
25 money.

1                               SENATOR WAMPLER: Before Mr. Gatton  
2 leaves, I want to say that he has a reputation for putting his money where his  
3 heart is in the community and has demonstrated that year after year in the  
4 past. I would ask you that any dollars that we would offer as a challenge  
5 grant, I would assume that you would match it at least dollar-for-dollar, if  
6 not many times more?

7                               MR. GATTON: I would be delighted to do that, as  
8 soon as you catch up with the \$2 million I've already given you. I'd be  
9 happy to entertain any other questions. I do appreciate you allowing me to  
10 go first. I do have a commitment today. I just thought it was important to be  
11 here, too. Thank you.

12                              DELEGATE KILGORE: Thank you. We can  
13 walk briefly through the Agenda, the ones that have been approved, and if  
14 you have any questions on that. So, I guess Sara is going to go first. Let's  
15 do that, and then if there are any questions, those in the audience can ask  
16 them.

17                              MS. WILLIAMS: First, I'd like to point out to  
18 anyone in the audience, if they didn't get a copy of the recommendations,  
19 there are more copies by the door.

20                              Before we begin with the recommendations I'd like to point out  
21 that two applications on the list were withdrawn. That is 1424, the Marion  
22 Downtown Revitalization Association and 1425, the Rural Area  
23 Development Association. Those applications have been withdrawn.

24                              Let's get started with the positive staff recommendations, and  
25 the first one that was recommended for funding is 1434 by Lee County IDA



1 for \$487,000, by the Lee County Industrial Development Authority for an  
2 industrial building acquisition. Funds are requested to assist with the  
3 acquisition of a 45,000 square foot building located in the former Lee  
4 County Industrial Park. The applicant has identified an opportunity to locate  
5 a potential bio-diesel company in the building, resulting in the creation of 50  
6 new jobs. The IDA reviewed the company's business plan and will lease the  
7 building to the company but will retain ownership of the building, should the  
8 project not succeed. Staff has recommended an award of \$487,000.

9 DELEGATE KILGORE: Any questions on that  
10 one? I think Tim Long is here, if there are any additional questions.

11 MR. MONTGOMERY: I thought it said 10 to 15  
12 jobs, I meant to bring that newspaper with me, magazine, but I went off  
13 without it. I wonder if that's a discrepancy in the number of jobs.

14 MR. LONG: Starting out with 50 jobs, and we're  
15 doing a million gallons of bio-diesel a year. We're saying 50 jobs for three  
16 years. We're not starting out with 50, but we're starting with 15, but we're  
17 going to double the capacity from one million to three million a year. We'll  
18 get the vegetable oil from around the Tri-Cities area.

19 MR. MONTGOMERY: Is this a recycling  
20 facility?

21 MR. LONG: Yes, they're making their own bio-  
22 diesel, and they're taking vegetable oil from the community and making a  
23 recipe that, they're using their own recipe. Some people are using the palm  
24 oil and things of that nature to get the bio-diesel. There is going to be a  
25 second project in the state of Virginia, as I understand it, that's Newport

1 News, and this is going to be the second one in the state of Virginia.  
2 They've provided a business plan, and we think we're going to have a  
3 positive outcome.

4 MR. MONTGOMERY: Do you know if it's driven  
5 by tax credits?

6 MR. LONG: No, sir. No tax credit, and this is  
7 basically investing money, and we're buying a building for them with the  
8 \$700,000, and that's at four and a half percent. We've got to cross all our T's  
9 and dot all our I's.

10 DELEGATE KILGORE: Any other questions?  
11 All right, thank you.

12 MS. WILLIAMS: The next application that is  
13 approved is number 1430; that's on page 10 of the text. Round the Mountain  
14 has requested 6.3 million for the Southwest Virginia Artisan Center. The  
15 requested funds are for the construction and startup cost of the Southwest  
16 Virginia Artisan Center. The Center will serve as a gateway to various  
17 tourism opportunities that exist in the region. It will be a 29,000 square foot  
18 facility and will provide gallery space, retail areas and administrative offices  
19 for the Artisan Center, Round the Mountain and the Crooked Road  
20 organizations. One hundred and fifty thousand was awarded in FY06 to the  
21 Town of Abingdon for design. This is a priority project of the Virginia  
22 Works that's being pursued by several state agencies, such as the Virginia  
23 Tourism, DHCD, as well as Round the Mountain Artisan Network, reaching  
24 into 23 localities in Southwest Virginia.

25 DELEGATE KILGORE: The project cost is \$17

1 million?

2 MS. WILLIAMS: Yes.

3 DELEGATE KILGORE: This is a project that the  
4 General Assembly put money in three years ago. The staff recommendation  
5 is that requested operating funds of 150,000 are not needed at this time. The  
6 staff recommended an award of \$6,150,000.

7 DELEGATE KILGORE: Any questions from the  
8 applicant? Very well.

9 Moving on.

10 MS. WILLIAMS: Next is number 1440. This is  
11 the Scott County Economic Development Authority, Duffield Regional  
12 Technology Center, requesting \$4,500,000. Funds are requested for  
13 construction costs associated with the Duffield Regional Technology Center.  
14 This facility will be the first building in the recently completed  
15 e-corridor Regional Technology Park. Initial tenant will include the Holston  
16 Medical Groups Online Medical Records Division, which will be an anchor  
17 tenant, and have indicated a need for a total of 50 office spaces. It is  
18 estimated that the Center will create 125 to 150 jobs and retain 20 to 25 jobs  
19 within one year of construction completion. Upon full build-out and  
20 occupation, the Center can house approximately 300 jobs.

21 DELEGATE KILGORE: What kind of jobs are  
22 these?

23 MS. WILLIAMS: Technology jobs. A TICR  
24 grant of 200,000 in FY07 is assisting with design of the facility. Since the  
25 application was submitted, two local entities have approved one million of

1 funding.

2 The staff recommends an award of \$4.5 million.

3 DELEGATE KILGORE: Any questions?

4 MR. BANNER: Who approved the million  
5 dollars?

6 MR. FLANNERY: The county has authorized  
7 250,000 from Duffield Development Authority. PDC, the space when it's  
8 occupied will be in constant operation. Our board felt that the money, and  
9 we're going to put out 400,000. I don't want to give the members of the  
10 Committee the impression that we've got these deep pockets. Holston  
11 Medical came to us about a month after the announcement, and that's why  
12 our property or our building or our Chairman, we stepped out in the  
13 forefront, and we're going to invest money back in this project.

14 DELEGATE KILGORE: What type of prospects  
15 do you have for this building?

16 MR. FLANNERY: Dr. Miller intends to make this  
17 an adjunct or an online medical records center. If you've been in Duffield  
18 recently, you know that construction is going on. I think they anticipate on  
19 order of 200 jobs in the complex, and there'll be some technological research  
20 done. I have no doubt Dr. Miller, who has worked very close to other  
21 important people. To basically answer your question, I think these will be  
22 true technology jobs on an order of the kind of jobs we're bringing in,  
23 together with Northrup Grumman and CGI. This is a revolutionizing or  
24 transforming process for Duffield, and this is the level we have not enjoyed  
25 in the past.

1 MR. MONTGOMERY: What kind of medical  
2 research jobs are you talking about?

3 MR. FLANNERY: It's mostly interaction with  
4 pharmaceutical companies. There'd be a lot of clinical research. I wish Dr.  
5 Miller were here to explain that. I've heard it a couple of times, but I've  
6 heard that he wants to do a lot of clinical research work and a lot of  
7 pharmaceutical companies, or the ones that have a presence in Duffield as  
8 part of this complex.

9 On the sad side, Dr. Miller has said that Southwest Virginia has  
10 an extremely high incidence of certain diseases, and we're not medically in  
11 good shape. He feels like he can turn that negative position into a positive  
12 one by bringing those kinds of research activities to Southwest Virginia. In  
13 his mind, it's more than just healthcare programs, it's far more than that.  
14 That's an inadequate answer, but that's the best that I understand it.

15 MR. FIELDS: Is this our last opportunity to  
16 question Ron Flannery? That was very entertaining. I know it's very  
17 difficult and hard to say anything bad about Duffield and my interest in Lee  
18 County. When you speak of Duffield we're not talking about Scott County,  
19 Scott, Lee, Wise and probably others. It's a very important cog in those  
20 three Southwest Virginia counties.

21 MR. FLANNERY: Thank you. That's a good  
22 point, Mr. Fields, and actually the last time this, these projects, we have  
23 1800 employees there, and about 35 percent Lee County and 35 or 40  
24 percent from Scott, and I think around 25 or 30 percent Wise County. This  
25 is truly a regional partnership in terms of where the employees come from. I

1 appreciate that.

2 DELEGATE KILGORE: Any other questions?

3 All right, move on.

4 MS. WILLIAMS: Next on the list is number 1349,  
5 Tazewell County, Bluestone Regional Business and Technology Center  
6 Project, Phase 1A. Tazewell County is requesting \$1,781,010 for the  
7 Bluestone Regional Business and Technology Center, and that's for the  
8 Phase 1A infrastructure. Funds have assisted with the conceptual planning  
9 for the 680-acre site. The park will include 180 acres of industrial and  
10 business technology sites, a workforce training facility, as well as an Inn,  
11 conference center, and so forth. The phase includes basic infrastructure and  
12 preparation of two sites for industrial business technology use. Construction  
13 is anticipated to begin in early 2008, and at full build-out the park is  
14 expected to be home to nearly 900 jobs and \$45 million in annual sales.

15 The staff comments and recommendations. Request is less than  
16 18 percent of the total cost of this phase, with a substantial local match of  
17 more than three to one. The project is estimated to result in 29 million of  
18 private building construction, 45 million in direct annual spending, and 894  
19 jobs at full build-out. An additional request is pending in Special Projects  
20 for a workforce training center to be built on this site. Phase 1-B with a  
21 recommendation to table. Staff recommends an award of \$1,781,000.

22 DELEGATE KILGORE: Let me say that  
23 Tazewell is another area in the community that hasn't been able to come up  
24 with local matching, and I know that Senator Puckett and Mr. Thompson  
25 have worked on this for quite some time.

1                               SENATOR PUCKETT: We really don't have  
2 anything else to say, or Jim Thompson might want to speak on it, but in  
3 consideration of what I heard you say earlier, we won't. If you have a  
4 question, the County Administrator is here, and either one of those people  
5 can talk about it, or ourselves. We're very passionate about what we're doing  
6 here. This is really a regional approach. We're talking about working with  
7 Mercer County in West Virginia. The Governors have both sat down and  
8 signed off on this in West Virginia and Virginia. It's an outstanding  
9 regional-type project. I think this economic development will bring some  
10 new jobs to Tazewell County and Mercer County, West Virginia.

11                              DELEGATE KILGORE: All right. Moving on,  
12 then.

13                             MS. WILLIAMS: Next is 1436. Wise County  
14 IDA requesting 600,000 for the Lonesome Pine Technology Center.  
15 Requesting funds to build out 75,000 square feet of an existing structure  
16 located in the Lonesome Pine Regional Business and Technology Park. This  
17 build-out will support the placement of a technology company seeking to  
18 develop an information assurance technology center. This will create 200  
19 jobs within three years. This project represents build-out vacant space in an  
20 under-utilized building with substantial accompanying private investment.  
21 The request seeks \$8 of the \$75 per square foot cost of build-out, an 8 to 1  
22 local match, and 12 to 1 private match, leveraging 20 public and private  
23 dollars for every dollar requested from the Tobacco Commission.

24                             Staff recommends an award of 600,000, contingent on  
25 company's commitment to locate at the site.

1 DELEGATE KILGORE: Any questions?

2 Continue.

3 MS. WILLIAMS: The final project recommended  
4 is number 1438. The Wise County IDA is requesting \$1.5 million for the  
5 Appalachia America Energy Research Center. Funds are requested to assist  
6 with site development costs associated with the construction of a nano-  
7 technology research and development facility to be located in the Lonesome  
8 Pine Regional Business and Technology Park. This concept represents a  
9 nexus of high technology scientific research and the area's major natural  
10 resource, coal. Specific plans for organizational structure, partnerships and  
11 operating agreements with private employers, researchers and universities  
12 are still being developed, but one Virginia-based company has provided a  
13 written statement of interest in creating 200 jobs at the site.

14 Staff recommends an award of \$1.5 million, contingent on an  
15 equal or greater match from other sources.

16 DELEGATE KILGORE: So a Virginia-based  
17 company said they will create 200 jobs if this goes through?

18 MS. WILLIAMS: Yes, that's what I understand.

19 DELEGATE KILGORE: Any questions on this  
20 one?

21 DELEGATE JOHNSON: What criteria would you  
22 use? Just reading this, it would seem to me that it's highly speculative and  
23 nothing definite. How did you arrive, I'm not speaking for or against it; it  
24 appears to me it's kind of speculative.

25 MR. PFOHL: As with many of the applications,



1 we requested some additional information. As you know, you folks see the  
2 first five or six pages of the application, and we get to see all the attachments  
3 and letters that come with those and scrutinize those. We asked the  
4 applicants to provide additional information about operating plans and who  
5 would own and who would manage the Wise County IDA, to own and  
6 manage the building so it would be in public control. We did see a draft  
7 operating plan and vision statement of how the facility would be operated.  
8 We have a letter from a Virginia-based company that proffers to construct a  
9 production facility. They would be assisting in the research there, as well as  
10 some of the universities in Virginia, including Virginia Tech, which has  
11 been involved for many years in coal research. We do have some supporting  
12 information that came with the application, Delegate Johnson.

13 DELEGATE JOHNSON: If I read this right, it  
14 says specific plans for organizational structure, partnerships and operating  
15 agreements with private employers, researchers and universities are still  
16 being developed.

17 MR. PFOHL: The copies we received had not  
18 been signed off on by all the parties, but we do know that Virginia Tech and  
19 UVA both have entered into dialog with the county and with private  
20 organizations. It's not signed, sealed and delivered yet, as far as the actual  
21 participation in that building, but it's in the works.

22 DELEGATE JOHNSON: At what point would the  
23 money be released to these folks? I remember when I was in the service  
24 flying, you pushed the throttle forward, and you take off, and you get to the  
25 point of no return. What is the point of no return for this?

1                   MR. PFOHL: The total project cost is \$13 million,  
2 and there is a pending request right now with U. S. Economic Development  
3 Administration, which our esteemed Executive Director used to be with, 30-  
4 plus years, and he had conversations with his colleagues in the Philadelphia  
5 Regional Office. They are still considering that application, which would be  
6 a major piece of the funding puzzle for this project, and that's why the staff  
7 recommended that. In order to have participation by enough funders to  
8 make the project go, and our money wouldn't be released until there are  
9 commitments from other funders sufficient to build the facility. We're  
10 hoping that the Economic Development Administration will go through an  
11 equal matching amount, in addition to local funding providers. Our money  
12 doesn't have to go out until there is enough money to build the facility.  
13 We're satisfied there are sufficient operating agreements in place.

14                   MR. FLANNERY: Our office, LENOWISCO, is  
15 working with Wise County Development; in the absence of anyone else,  
16 we're representing the Virginia Coalfield Authority. Same questions,  
17 Delegate Johnson. We're not going to release any of our funds until this is a  
18 done deal and a viable project and agreements are in place. We're not going  
19 to go past the point of no return either; all those things are conditional. I  
20 think the staff has recommended a similar position. There are a number of  
21 steps to the application; we raised the same questions, and that's the way we  
22 work.

23                   SENATOR WAMPLER: I'd like to ask the people  
24 from Wise County a question, or the County Administrator, or IDA. There  
25 are two applications the staff has recommended, totaling \$2.1 million. We're

1 in a position today where a lot of people are asking for a lot of dollars, and  
2 we may have to adjust figures that we have in this Committee meeting. The  
3 application we're currently speaking about, 1.5 million, I don't find a match  
4 from the Coalfield Economic Development authority. I am missing  
5 something there?

6 MR. FLANNERY: The nano-tech project?

7 SENATOR WAMPLER: The current application,  
8 Appalachia America Energy Research Center.

9 MR. FLANNERY: We have approved the Davis  
10 Center loan for \$5 million.

11 SENATOR WAMPLER: I think I understand  
12 there's a commitment on a loan on the previous one.

13 MR. FLANNERY: We made a tentative  
14 agreement, that's what I'm trying to say.

15 SENATOR WAMPLER: How much money has  
16 the Coalfield Authority committed to for this project we're discussing now,  
17 the 1.5 million?

18 MR. FLANNERY: Seven hundred six thousand  
19 one twenty-five.

20 SENATOR WAMPLER: Is that in your  
21 presentation?

22 MR. PFOHL: They did not break that out as to  
23 how much was local and how much VCEDA Funds.

24 SENATOR WAMPLER: Mr. Chairman, how  
25 much of that 706,000 is VCEDA money?

1 MR. FLANNERY: I don't know that we have  
2 determined that. We've got some funds in the Wise County IDA.

3 SENATOR WAMPLER: Is the answer you don't  
4 know right now?

5 MR. FLANNERY: That would be correct.

6 SENATOR WAMPLER: My point is, I don't  
7 think we ought to be the bank of first resort when it comes to trying to bring  
8 a project forward.

9 MR. FIELDS: Ron, there's nothing wrong with  
10 saying I don't know. We wasted a lot of time.

11 DELEGATE KILGORE: Any other questions on  
12 this project?

13 MS. WILLIAMS: That's all the projects that I  
14 have recommendations for.

15 DELEGATE KILGORE: Here is what I'm going  
16 to recommend we do; if it's all right with the Committee, I'm going to start  
17 down here in order and briefly hear from you on why you should be  
18 included in funding. Remember what I said earlier, we have to realize some  
19 of these projects have been in the works for a considerable period of time.  
20 We have them revised and resubmitted to do some studies and things like  
21 that. We'll be glad to hear from you, but that's what we're up against, and the  
22 Committee will be glad to hear from you, but realizing that, I've got to have  
23 a little time after we get through with the presentations for the Committee to  
24 have discussions and before the 2:00 meeting.

25 The Town of Abingdon.

1 UNIDENTIFIED: Mr. Chairman and members of  
2 the Committee, I represent the Town of Abingdon, and with me today is the  
3 Tourism Director, Ms. Montgomery, from our Tourism office. We're here  
4 today to talk about the Dunns Meadow Project, the 1780 March to Kings  
5 Mountain, and this is celebrated through Washington County and all  
6 Southwest Virginia. I understand an application was presented to the  
7 Committee in March of this past year, and the town had an option on the  
8 property, and we wanted to preserve it and also turn it into a national park.  
9 At that time they only had an option on the property. Since that time we  
10 have purchased the property. The General Assembly put forth so much  
11 money, and the Town of Abingdon 507,000 at the time. I believe the  
12 application was written more towards, and since then the town has  
13 developed a master plan that has been handed out to you. That master plan  
14 is to help us get the National Park Service money to further the development  
15 of the project. Congressman Boucher has tried to help us to recruit the  
16 National Park Service to Abingdon for a visitor's center. At this time the  
17 150,000 that the town is requesting is more towards the development of the  
18 master plan than the purchase of the property.

19 DELEGATE KILGORE: It looks like you've done  
20 a good job on getting this organized.

21 UNIDENTIFIED: Earlier in September we've  
22 tried to develop these celebrations of different events in the town. The town  
23 has put forth as much as possible, and we've talked to the Park Service and  
24 DAR. I know time is short, but we'd like to implement this, and I think it  
25 would be a great draw for Southwest Virginia, and many of our ancestors in

1 this region were on that march.

2 DELEGATE KILGORE: Thank you. Any  
3 questions?

4 The next one is 1429, Appalachia Sustainable Development. I'd  
5 entertain a motion to refer that to the Agribusiness Committee.

6 SENATOR WAMPLER: So moved, Mr.  
7 Chairman.

8 DELEGATE JOHNSON: Are you going to give  
9 us the money?

10 DELEGATE KILGORE: I have a motion and a  
11 second, all in favor aye? (Ayes.) All right.

12 The next one is 1461, Blue Ridge Travel Association.

13 MS. WRIGHT: Good morning, I'm Deborah  
14 Wright, President of the Blue Ridge Travel Association. We appreciate your  
15 grants in the past. We've been very fortunate with that, and we've  
16 developed, a website and it's a very strong marketing tool for us and our  
17 organization. This grant would basically allow us to take that next step and  
18 drive more people not only to our website but the website of four Southwest  
19 organizations, including the Blue Ridge Travel Association, part of  
20 Appalachia, The Crooked Road, and Round the Mountain. This is a cutting  
21 edge program, because instead of all these organizations competing with one  
22 another, we're pulling our resources together to optimize. One of the  
23 examples and what we're talking about doing is developing one page that  
24 would have the four organizations on it and basically optimize a key word or  
25 key phrases. If someone were to go to this particular page, they're one click

1 away from these four organizations. It's an exciting way to get more visitors  
2 to the website. The marketing dollars that we're proposing would go to this  
3 page, and it would go toward search engines, electronic marketing, print  
4 marketing, both nationally and internationally. We're looking at a  
5 publication that would go out to promote people to go to this website. We  
6 hope you look upon this grant request favorably and allow the Blue Ridge  
7 Travel Association and these other organizations to market this area and  
8 increase visitation to the area and bring people into Southwest Virginia.

9 DELEGATE KILGORE: Any questions? Thank  
10 you.

11 Next we've got City of Bristol.

12 MR. OVERBAY: Good morning, Mr. Chairman  
13 and members of the Committee. I'm Tom Overbay, and I am an officer with  
14 the Necessary Oil Company. I'd like to apologize to the staff because my  
15 application was somewhat late. I just want to take a few minutes to make  
16 you aware of the project and the opportunity and increase your awareness of  
17 what we're doing. The activity is described as a rather non-obvious  
18 component of the economy of Southwest Virginia. What this project would  
19 do would be support the energy, and it would help to attract various  
20 industries into the region, as well as the local economy, and in particular to  
21 protect the environment. What we're proposing to do through this expansion  
22 process is to increase the type of products that the company is able to accept.  
23 Incoming industries are going to produce a number of products considered  
24 hazardous oil waste products, and they contain oil. There is no way to  
25 dispose of these products within the state of Virginia, nor any of the

1 contiguous states. We propose to establish a series of processes, high-  
2 technology, in order to remove the hazardous components from the products,  
3 the waste products, and provide that service as an attraction to industry  
4 located in the area. They wouldn't have to transport their waste products  
5 hundreds of miles, as well as, it will allow the return of an economical  
6 alternative, the importation of virgin fuel for use in their heating systems.  
7 It's a rather complex and high-technology process.

8           The other thing we proposed, in order to encourage funding of  
9 our activity, is because of the activities taking place and because of the oils  
10 that are being reprocessed and the water being processed being labeled as  
11 hazardous. We'll have to establish a training program for the employees of  
12 the company. This program will be in compliance with national Hazmat  
13 training program that's administered by the Department of Energy and by  
14 OSHA. There are over 8,000 volunteer firemen, law enforcement officers,  
15 emergency medical personnel, within the 9th District region of Virginia,  
16 who respond to various situations in which these types of components are in  
17 the environment, and hazardous material training is part of what these  
18 individuals undergo. What we've offered to do is use the facilities to train  
19 our own personnel and make these sorts of studies available at no charge for  
20 the training of the emergency response personnel.

21           I appreciate your time and consideration this morning. It's the  
22 environmental component and the use as it appeals to incoming industries  
23 and the availability of training to existing and future first responders. I'll be  
24 happy to answer any questions.

25           MR. FIELDS: Could you give us a figure or a



1 number of employees that you project in this project?

2 MR. OVERBAY: The project would employ  
3 immediately eight additional personnel, but what we're projecting over a  
4 period of about five years would be the addition of about 28 new jobs over a  
5 three-year period.

6 DELEGATE KILGORE: Thank you.

7 The Carter Family Memorial Music Center, 1445. Anyone  
8 here?

9 Floyd County Historic Preservation Trust, 1447.

10 MR. RANCH: I'm Eric Ranch. I'm on the Board  
11 of Trustees for the Floyd County Historic Preservation Trust. We're here  
12 today to ask for a grant for the development of the Curtis Turner Museum.  
13 It involves early NASCAR sports and development of Southwest Virginia.  
14 In Floyd we have a unique opportunity to take advantage of a number of the  
15 early NASCAR and stock car racing drivers that came from our area in  
16 Southwest Virginia, and a number of them from Floyd, including Curtis  
17 Turner. Curtis Turner was a colorful character in the history of stock car  
18 racing. We have a historic building that is going to be used for this museum.  
19 We've been in touch with the daughter of Curtis Turner, and a number of  
20 the artifacts are able to be used for the museum, as well as a number of the  
21 other local dirt-track drivers in the area that are available to get more  
22 artifacts for the museum. The Curtis Turner Museum was initially  
23 developed inside the Oxford Academy, and that's the name of the building.  
24 That is a historic structure in Floyd County. We hope to use this grant,  
25 which is essentially the seed money; then it would be self-sustaining. In the

1 short term we will have 13 jobs related to the construction and development  
2 of the museum. We'd have at least three long-term positions created by the  
3 museum. We estimate there will be somewhere between five and eight  
4 thousand visitors the first year that we could sustain yearly. NASCAR is  
5 such a rapidly growing sport, it's now the second largest spectator sport in  
6 the country, and we think that will continue to grow. We think that would  
7 add over a half million dollars to the local economy each year, and over a  
8 hundred thousand dollars of state taxes could be generated by this museum,  
9 and there will be other jobs generated by the museum and its effect. There  
10 will probably be another 10 to 15 jobs created locally in other service  
11 positions.

12 DELEGATE KILGORE: Any other questions?

13 Thank you.

14 Now we have 1420, the Town of Hillsville.

15 UNIDENTIFIED: I'm the Town Manager, and I  
16 appreciate you letting us come back before you again. We're forever  
17 optimistic in Hillsville, so we know one of these days you're going to look  
18 out there, and the Highway 58 By-pass will be underway. We need to get  
19 this project up and underway before that happens, and we appreciate your  
20 consideration. We have some fire and safety issues in this area, as well as  
21 potential economic development possibilities, as well as maybe extending  
22 some infrastructure in that end to Carroll County and some areas around the  
23 parkway that will be beneficial to everyone. So we appreciate your  
24 consideration.

25 DELEGATE KILGORE: Thank you. Any

1 questions?

2 The Town of Jonesville, 1442. This is the RV Park.

3 UNIDENTIFIED: We got a first round grant to  
4 get the project started. We're under design on that. This will really aid and  
5 allow the town to proceed with the construction for the project. That's where  
6 we stand at this point.

7 DELEGATE KILGORE: Any questions? Thank  
8 you.

9 1431, King College.

10 UNIDENTIFIED: The proposal we put before you  
11 is one that relates to education and economic development. It was a  
12 proposal we put together partly in response to the demand and need that was  
13 established in the county, working with the Appalachian School of Law and  
14 the University of Appalachia College of Pharmacy, and also the Southwest  
15 Virginia Community College. We're trying to position ourselves in the gap  
16 between the two-year educational opportunities provided by Southwest and  
17 the graduate opportunities provided by the School of Law and the College of  
18 Pharmacy. Educational opportunities provide immediate jobs, and we would  
19 hire people that work in Buchanan County as well, and that would have a  
20 long-term ripple effect, as people get higher education and attainment. King  
21 College has been market-driven in our programs, and will continue to do that  
22 for the educational opportunities that we provide. Buchanan County will  
23 provide workforce development and an opportunity for people in that region  
24 to meet the needs of business and industries in that area. A comprehensive  
25 higher education consortium will be preferable, and we are by no means

1   opposed to that. This location could potentially have additional residents,  
2   but I would submit respectfully we're ready to go now, and look forward to  
3   the opportunity to do that.

4                   DELEGATE KILGORE: Any questions? All  
5   right, thank you very much.

6                   Town of Lebanon, 1419.

7                   MR. LEAVY: Good morning, I'm Tony Leavy,  
8   and I'm the Mayor of Lebanon. I have with me our Town Manager. We  
9   want to thank you for what you've done for our region in the past, and we  
10  appreciate any consideration as we continue to sustain and approve our main  
11  credentials or sources that we need to supply, and that is water. If you read  
12  the application, it is very conservative and serves the Town of Lebanon. It  
13  will help with the two regions for the industrial park. We also have a  
14  regional agreement with Tazewell County. We're one of the vital links in  
15  supplying water to the region for projects that we're working with, and that  
16  is Tazewell, Dickenson. We are one of those, because this helps us provide  
17  one link in the full loop that we hope will work. However, there's another  
18  development group that is getting ready to come to us on Route 19, and we  
19  hope that's successful. We do thank you, and we have decided we're going  
20  to supply water, and we've submitted some of our own funds, and I'm sure  
21  our council would do what we need to do to provide that. You have been  
22  very helpful to us in the past, and this is a major project, to continue to  
23  supply water for the industrial parks and continued growth of the region.

24                  DELEGATE KILGORE: This does not confine  
25  itself to the Town of Lebanon?

1 MR. LEAVY: No, sir. We're the grant applicant, I  
2 guess. It's regional in its purpose and its service, and hopefully together we  
3 can have our counties help each other.

4 DELEGATE KILGORE: Any other questions?

5 All right, Lee County IDA, 1433, Development of  
6 Constitutional Oaks Phase 1B.

7 MR. LONG: We appreciate what you've done for  
8 us, and we want to move forward on Constitutional Oaks, and we want to get  
9 some EDA money and ARC for that project. Anything you can give us, I  
10 think in the future --

11 DELEGATE KILGORE: -- Tim, I think that  
12 would be a good move, and I know it's got a lot of promise, and we'll  
13 continue working with you on that.

14 MR. LONG: I appreciate that.

15 DELEGATE KILGORE: You also had 1435.

16 MR. LONG: Yes, we want to move forward with  
17 a 30,000 square foot building, and it will be an expandable building, so we  
18 can move forward on that, also, and appreciate you considering that, also.

19 DELEGATE KILGORE: Thank you.

20 1456.

21 MR. BUCHANAN: Mr. Chairman and members  
22 of the Committee, my name is James Buchanan. and I'm here to represent the  
23 Whitetop Community Service Building. We're completed except paving the  
24 parking lot, and we would appreciate any assistance you can give us. Thank  
25 you.

1 DELEGATE KILGORE: Any questions? Thank  
2 you very much.

3 Next is 1457.

4 UNIDENTIFIED: Mr. Chairman and Committee  
5 members, I'm the Executive Director of the New Beginnings, and I  
6 appreciate your consideration of our very modest request. The purpose of  
7 that request is for a branch office with Lee Bank and Trust so we can expand  
8 the building. Since we opened our doors in 2005 we have served 200  
9 individuals, and we've increased our employees to 14 currently, looking to  
10 add two more. Most important is that our residents are going back into the  
11 community drug-free and will be employable and will be taxpayers. So,  
12 we'd ask you to consider our request.

13 DELEGATE KILGORE: You all do a great job.  
14 Any other questions?

15 1439, Norton Industrial Development Authority.

16 MR. RAINEY: Good morning, I'm Fred Rainey,  
17 City of Norton. Our central business district is our regional industrial park.  
18 The project we submitted before you today would enhance our  
19 communications capability for 300 technology-related jobs in the central  
20 business district. The employees for those jobs come throughout the area.  
21 Also, in addition to upgrading the broadband and the abilities of the central  
22 business district, we want to create a training facility that would allow  
23 companies located in the business district to have training sessions with  
24 other operations throughout the country. We would appreciate your  
25 consideration.

1 DELEGATE KILGORE: Thank you.

2 1449, Oxbow, 1458, 1441, Town of St. Paul.

3 UNIDENTIFIED: Thank you for what you've  
4 done for the St. Paul community. I won't go over everything we need  
5 funding for, because we'd be here quite a while, because we have a file of  
6 projects. I'd like to leave you with one thought. If you could fund maybe  
7 \$50,000, that would take care of my problem and some other people's  
8 problems in the business community. Thank you very much.

9 DELEGATE KILGORE: Thank you.

10 SENATOR PUCKETT: Mr. Chairman, I wonder  
11 if the mayor has a list of who he wants to start cutting with.

12 DELEGATE KILGORE: He doesn't want to get  
13 involved in that.

14 The next one is 1426, Southwest Virginia Community  
15 Foundation.

16 UNIDENTIFIED: Thank you, Mr. Chairman and  
17 commissioners. We appreciate the support you've given us in the past, and  
18 we've used the money well that we've spent so far. We're coming along  
19 quite well in terms of designing this performing arts center. I'm  
20 disappointed in the recommendation by the staff, and the basis for the  
21 recommendation being this is not a strong case that this will be a tourist  
22 generator for the town. In parentheses they emphasize that the audience will  
23 primarily be drawn from Southwest counties and the Tri-Cities region.  
24 Really, that's part of the larger statement that goes on to read, we'll also  
25 make available a quality program to more than 2,525,863 people, based on

1 the 2000 census, living within a hundred-mile radius. It's not so much that  
2 I'm unhappy with the staff's recommendation, but it's the basis for the  
3 recommendation. This performing arts center would be a tremendous  
4 tourism generator.

5 Another point we made in our proposal, we mentioned we  
6 would be working in partnership with the Crooked Road and our own Clinch  
7 Mountain Music Festival, which is the foundation project, and already  
8 partners with the Natural Tunnel State Park and the Carter Family Fold to  
9 preserve our music heritage to promote tourism.

10 The third point I'd like to make, we have six letters of support,  
11 and each one is a reference to the strong tourism possibility as a result of  
12 having the performing arts center in the region. Talking about regional  
13 tourism, not just for Gate City. The Gate City mayor said the center would  
14 be ideally located to support regional economic development and  
15 revitalization and tourism. Scott County IDA said it would be ideally  
16 located to support regional tourism. This will be a powerful tool to promote  
17 our natural pioneer heritage. The Scott County Tourism Committee  
18 emphasizes regional tourism. One of the advisory boards said it would  
19 greatly enhance tourism. The Daniel Boone Wilderness Trail said it would  
20 be a tourism economic engine. The fact that we're not recommended for an  
21 award, also the basis for the recommendation. Without some portion of this  
22 money we really can't move forward with the performing arts center,  
23 because we can't apply for additional grants. We have no basis for going  
24 after private/corporate funding, there's not anything there yet. I think we  
25 have to have a commitment from the Tobacco Commission to move forward.



1                   SENATOR WAMPLER: Mr. Chairman, I would  
2 encourage the Committee members to examine this application and look at  
3 what their operating plan was. I don't know that I've seen many better  
4 developed, thorough and complete examination of what it is and what they  
5 propose to do than what was presented to us. I don't know that we're going  
6 to be able to find the money to take it to the next step at this meeting.

7                   Mr. Chairman, I would just encourage the members to look at  
8 what's already presented. I don't know that we need to go back and revisit  
9 what has been presented. It's really a question if we try to prioritize the  
10 dollars. I guess the applicant can always resubmit at a later time. I thought  
11 it was a great idea.

12                  DELEGATE KILGORE: Thank you.

13                  Next is 1454, Southwest Virginia Community Development  
14 Financing.

15                  MR. DIXON: Thank you, Mr. Chairman, and I  
16 want to thank you for the support you've provided to Southwest Virginia in  
17 the past. We really appreciate the funds you've given us in the past in order  
18 to make some loans for business development. We made 21 loans and  
19 created 202 jobs. What we found over the last few years is if financing is  
20 available for people starting up, it expands small businesses. There's a need  
21 for financing loans of about 100,000, mainly when you get into the 100 or  
22 200 thousand-dollar range. We have a request before the Special Projects  
23 Committee for a loan to capitalize funds to make that size loan. We can't  
24 make loans without doing a lot of due diligence. We can't service them  
25 without staff to stay on top of the payments that are made and make sure our

1 loans are being repaid. Our request, Mr. Chairman, is for funds to cover the  
2 cost of providing training and technical assistance for these individuals  
3 applying for loans and to provide for servicing of the loans we would hope  
4 to make with the requested funds, through the funds we've requested through  
5 Special Projects.

6 One brief update. In our application we noted we applied for  
7 funds from the Department of Treasury, and those have been granted. I have  
8 with me Debbie Wagner, who is Director of Economic Development. If  
9 there are any questions we'll try to answer them.

10 DELEGATE KILGORE: Thank you.

11 The next one is 1446. Can I have a motion that we can refer  
12 that to Special Projects? All right. All those in favor say aye? (Ayes.) All  
13 right, that one is taken care of.

14 The next one is 1422.

15 MR. PUGLISI: Mr. Chairman, I'm Michael  
16 Puglisi, and I'm the President of Virginia Intermont College. We have today  
17 our Chairman of our Board of Trustees with us. Of course, you heard Mr.  
18 Gatton this morning, and he exhibited his passion for Virginia Intermont.  
19 Virginia Intermont has been a fixture in Southwest Virginia for 123 years,  
20 and we hope to continue to be there for a long time to come, and we have  
21 had some challenging times in the recent past. Our request from the  
22 Tobacco Commission is for the preservation of jobs for education and  
23 workforce education. We employ about 300 individuals. Even as a private  
24 college we are an industry, in the sense of economic development in  
25 Southwest Virginia. We contribute to the economic development of the

1 region by an educated workforce that is severely needed, to provide a broad  
2 education not only in the economic area but in terms of business  
3 management and marketing and public education. Can we provide public  
4 school teachers for our region and can we do that for many years, which we  
5 have, and that's one of our important legacies. We've been a leader in adult  
6 education in Southwest Virginia for nearly the past two decades in providing  
7 working adults, who never have the opportunity to go to college and to leave  
8 the region, to get a four-year degree. Now they can earn a four-year degree  
9 in their home community and take that education degree to work with them.  
10 We're making a request for a one-time grant from the Tobacco Commission  
11 to help us in our recovery effort. Private individuals like Mr. Gatton and  
12 others have come to our support and helped us to raise 5.6.4 million dollars  
13 since May 1st. That was the beginning of our recovery, and the first step.  
14 I've made the argument to the Governor and others, Virginia has arguably  
15 the best system of higher education in the country, and certainly our public  
16 education system, the community colleges and four-year institutions. We  
17 have one of the best sources of private education in the country as well. I  
18 hope the Tobacco Commission will see the necessity for our request.

19 We also have lowered our discount rate, as I indicated, and  
20 we're performing our business practices, and we have attracted nine new  
21 trustees to the college over the past two months, many of them with the help  
22 of former Governor Gerald Baliles, who has come to our support. He  
23 strongly feels that Virginia, and particularly Southwest Virginia, cannot  
24 afford to lose a four-year college. He's rallied his support and made contacts  
25 for us to help us with our recovery. We want to have students on the

1 tobacco scholarships, and we also need infrastructure support to get us on a  
2 stable footing now, as well as in the future. We're working on this end, both  
3 privately and publicly, and also we hope the Tobacco Commission can help  
4 support us. Thank you.

5 DELEGATE KILGORE: Any questions?

6 DELEGATE JOHNSON: Can you tell us why the  
7 college found itself in this position?

8 DR. PUGLISI: In a short statement, I guess I  
9 could say the college has never been wealthy, never had a large endowment,  
10 for a decade or more, previous to the last two years, found itself in a position  
11 of having to use resources that would have been better used in other ways to  
12 meet operating expenses. We looked at our discount rate and looked at some  
13 of the programs that we had, such as athletics, and eliminated some, so that  
14 we could focus on the mission of the institution. That's all part of the effort  
15 that we've made to perform our business practices and complete our mission.  
16 We need to clean up some of the practices over the past and refocus on what  
17 the college is supposed to be doing.

18 DELEGATE JOHNSON: Has the stock market  
19 had anything to do with your endowment funds? Has that affected it directly  
20 or indirectly?

21 DR. PUGLISI: Our endowment fund has never  
22 been large enough to really make a difference or make a significant impact  
23 on our operations. One of our needs for the future, in terms of providing a  
24 stable foundation for the college, is to rebuild or grow our endowment to a  
25 level and look at our physical plant, look at our maintenance.

1 MR. FIELDS: I would agree with Governor  
2 Baliles a hundred percent on that. I don't see how any of us could sit here  
3 today and say we don't care what happens to VIC. It's a very important  
4 institution. I saw it for years in the school system, and I hope we can add  
5 something to that today and encourage them financially.

6 DR. PUGLISI: We made significant progress, and  
7 we're not out of the woods yet, and your supporting us at any level would  
8 certainly help. Thank you.

9 DELEGATE KILGORE: 1437, Wise County  
10 Business and Technology Park Childcare.

11 UNIDENTIFIED: Mr. Chairman, thank you for  
12 the opportunity to appear before the Tobacco Commission Committee today.  
13 I have one point, just to make sure and hope we can get some funding we  
14 really need. I realize this is a low priority as it pertains to the policies and  
15 procedures of the Tobacco Commission. I'd ask you to make a revisit that  
16 took place a couple of weeks ago as the Appalachian Regional Commission  
17 with their program. Most of the programs require a commitment from some  
18 private source to benefit us, when you have an employer subsidizing  
19 childcare, or an employer willing to subsidize childcare, some type of  
20 contribution. I would just ask the Committee to revisit this. Thank you.

21 MR. FLANNERY: I'd just like to say something,  
22 Mr. Chairman. One of our staff members graduated from VI and seems to  
23 be reasonably well-educated. I wanted to bring that up to you.

24 MR. FIELDS: I thought you were going to tell us  
25 the water is on.

1                   DELEGATE KILGORE: We've heard the  
2 presentations and the recommendations. Some of the recommendations, I  
3 would have to say up front, are recommendations, or some of the priorities,  
4 without the amount of money that we need, the projects just can't go  
5 forward, some of them, there's no other way. Round the Mountain and  
6 Southwest Artisan Center, cut and cut. Maybe Senator Wampler or Delegate  
7 Johnson has more information about that than I do.

8                   SENATOR WAMPLER: Mr. Chairman, may I  
9 address one item? I notice there was also a proposal to get into the small  
10 business financing. There is a companion to that application in Special  
11 Projects, and that would be the capital for a loan program, two million  
12 dollars. I'm going to suggest that goes to the Executive Committee for the  
13 Executive Committee to determine, both in Southwest and Southside, who  
14 would be in the business of lending money. I'd suggest we send that  
15 application to Special Projects, and it may go to the Executive Committee  
16 later on, or a recommendation to the Executive Committee, and let them take  
17 a look at it. That's so moved.

18                  MR. BANNER: Second.

19                  DELEGATE KILGORE: All those in favor of that  
20 motion say aye? (Ayes.)

21                  All right, here we are. We have now unspent, \$1,026,654.00.  
22 We're going to have to send some money over to Special Projects and help  
23 with 1446 on page two. We may have to send up to a half million dollars to  
24 Special Projects to help them with that.

25                  MR. FIELDS: Mr. Chairman, I've got a motion. I

1 make a motion for Virginia Intermont to give them 400,000.

2 SENATOR WAMPLER: I'll second the motion.

3 DELEGATE KILGORE: Let's not vote on  
4 anything yet. If we're going to fund something, I want to know what you all  
5 are going to fund, and then we'll have to go back and try to make a judgment  
6 and get the money. I would prefer to have left in Southwest 500,000 to  
7 possibly help with the proposals that have been brought up, have the  
8 \$500,000 available on the table, if possible. Then there are some other  
9 dollars we can look at to help with the feed or hay situation. I think we've  
10 committed to that already.

11 MR. BANNER: None of these are finalized until  
12 the full Commission votes on it, because we may need more than 500,000.

13 DELEGATE KILGORE: Yes.

14 MR. THOMPSON: Mr. Chairman, I'd like to  
15 recommend 1439, Norton Industrial Development Authority, and that would  
16 be a better fit for the Technology Committee.

17 MR. MONTGOMERY: I'll second it.

18 DELEGATE KILGORE: 1439, the motion has  
19 been made and seconded, any discussion? All those in favor? (Ayes.)  
20 Opposed? (No response.)

21 MR. BANNER: Realizing what the town of  
22 Lebanon has done for our county, which is 1419, I'd like to use some more  
23 money here. I understand that we've already got some in the project, and  
24 enough to finish it, and two million one was a regional approach for the  
25 water system for this project, and they've done that, and there was a

1 commitment to do that. They were very helpful to a lot of residents in the  
2 county surrounding the town of Lebanon; they water the cattle, too. I think  
3 that water system and the town of Lebanon and the potential is there to  
4 expand that to take care of things. So, I'll direct the question to you.  
5 \$250,000, I'm talking about additional money.

6 DELEGATE KILGORE: I've got it listed here; we  
7 can come back.

8 SENATOR PUCKETT: Mr. Chairman, we're  
9 pretty tight on what you're doing here. There might be a possibility of  
10 getting some regional water money from Special Projects. I might defer to  
11 the Special Projects Chair, and we talked about that previously, I don't know  
12 if that's a possibility or not. Just looking at this, I don't know where you  
13 plan to take money from; I think it would be easier to do in Special Projects,  
14 maybe. I heard Fred say 400,000, and we're still looking for money. I think  
15 our chances for helping a water project might be better in Special Projects.

16 MR. BANNER: I'll second it.

17 DELEGATE KILGORE: All those in favor say  
18 aye? (Ayes.) Opposed? (No response.)

19 MR. MONTGOMERY: Mr. Chairman, I'd like to  
20 make a motion we help the Town of Jonesville; that would fit in with  
21 tourism. I think we put some money in the RV Park, this is another one  
22 about 50 miles away, or towards Cumberland Gap, I guess, maybe halfway.  
23 Last fall a bunch of RV's came in and didn't really have a place to hook up.  
24 If they came in there, they would have a place to hook up. Most of them  
25 could stay overnight without having to move on.



1                                 SENATOR WAMPLER: That's 250,000 that's  
2 subject to a match?

3                                 MR. MONTGOMERY: Yes, sir.

4                                 SENATOR WAMPLER: I'd second that motion.

5                                 DELEGATE KILGORE: All right.

6                                 SENATOR WAMPLER: Mr. Chairman, one more  
7 observation, Gate City. I'd like to provide other funding, but I don't think  
8 that we need to study it anymore, and I think we're through the conceptual  
9 design, and I think funding would be for a quantum leap of construction, I  
10 suspect. I think if you look at the spreadsheet, and to accomplish what the  
11 other Commission members have said, we're going to have to adjust from  
12 the staff recommendations. If you allow me, Mr. Chairman, I would say that  
13 every application starts off with zero. The staff simply puts numbers on the  
14 spreadsheet, it's hard to disagree with staff's recommendations in terms of  
15 the merits, so I think it's just a question of how much we intend to fund.

16                                 If we could start at the bottom of the list, 1438 is a good place  
17 to start. The concern I have with that application is that we are one of the  
18 primary banks, rather than a secondary source of a grant. There are others  
19 that are still available. So, I could make a recommendation on those that we  
20 award \$1 million to the Wise County IDA for the Appalachia American  
21 Energy Research Center, subject to the provisions that they set forth in the  
22 application.

23                                 Furthermore, Mr. Chairman, in an attempt to try to balance our  
24 available cash, the application of 1436 for the Technology Center, that we  
25 would reduce that to \$450,000, actually we would increase it from zero to

1 458. Then the third recommendation I would offer would be number 1440,  
2 the Duffield Regional Technology Center, that the amount would be \$4.2  
3 million, let me just say 4.3, that will give us another 200,000. Those would  
4 be my recommendations to get us off center. Maybe the Committee has  
5 another idea. That's my motion, Mr. Chairman.

6 DELEGATE KILGORE: Tim, what is that, 1.2  
7 unobligated?

8 MR. MONTGOMERY: I'll second the motion,  
9 Mr. Chairman.

10 DELEGATE KILGORE: But the fact that you've  
11 got Cumberland, is that --

12 MR. PFOHL: This is the figure we have.

13 DELEGATE KILGORE: Add the 200,000 to your  
14 total.

15 MR. PFOHL: The staff's recommendation is  
16 1.222.

17 DELEGATE KILGORE: Who made the motion to  
18 -- was it Fred? Would you withdraw that motion? We need to send a half  
19 million to Special Projects and leverage out the other two million on the  
20 Virginia/North Carolina Regional Water. Would somebody make a motion  
21 on that at this time? We've got a motion and a second. That will come off  
22 the 1.222. Did I get a second?

23 DELEGATE JOHNSON: Second.

24 DELEGATE KILGORE: All in favor say aye?  
25 (Ayes.) That brings us down to 722,000.

1 DELEGATE JOHNSON: When we talk about  
2 tourism, I can't think of a greater tourism thing than the Dunns Meadow  
3 Property. Can we find something? It's important for tourism. This is  
4 important to the counties in Southwest Virginia. Dunns Meadow, they  
5 marched 300 miles to fight a battle, and that was the turning point in the war.  
6 Just the other day they had a celebration in the schools from all of  
7 Southwest Virginia. When you consider this tourism, it's one of the best  
8 things we have. Washington County lost 18 men, 18 fathers.

9 SENATOR WAMPLER: Mr. Chairman, I'd like  
10 to help out. I'll make a motion to add 50,000.

11 MR. MONTGOMERY: I'll second it.

12 MR. BANNER: Mr. Chairman, could we do  
13 something for the Oxbow Corporation? Could we give them just even  
14 \$5,000.00, or whatever we can? That's a motion.

15 SENATOR PUCKETT: Second.

16 DELEGATE KILGORE: Will 50 help?

17 MR. FIELDS: In the spirit of public relations, and  
18 being the player that I am, I make a motion that we accept these amounts in  
19 whole, the ones in the block.

20 DELEGATE KILGORE: I have a motion, do I  
21 have a second?

22 DELEGATE JOHNSON: Second.

23 DELEGATE KILGORE: All those in favor say  
24 aye? (Ayes.) Opposed? (No response.)

25 MR. NOYES: The staff will report back to the

1 Committee on the allocation of the restricted and unrestricted for these  
2 purposes at a later date.

3 SENATOR WAMPLER: I'd like to say that we  
4 have in the audience Mr. Bruce Robinette. Your tenure as the Director of  
5 the Lenowisco Planning District, and you've passed the baton to Ron  
6 Flannery. I hope you're proud of at least most of the work we've done on  
7 this Committee for the development of jobs and the families in Southwest  
8 Virginia.

9 MR. ROBINETTE: I've never seen anything like  
10 this. I think you all have done a good job for Southwest and Southside  
11 Virginia. Those areas have really come to the front, because we've always  
12 been behind. This program and these funds have made a big difference. I  
13 congratulate you all on helping us.

14 MR. MONTGOMERY: Mr. Chairman, I'd like to  
15 make a comment publicly about Bruce. I've known him for a long time and I  
16 was on the Duffield Board when we got the first industrial building over  
17 there. He's done a super job, and we wish him well. I appreciate the good  
18 job he's done.

19 DELEGATE KILGORE: Now we come to the  
20 time for public comments. I think everybody here spoke once. Anybody  
21 else have any comments? If not, the full Commission will meet on the 25th  
22 of October. If there is nothing else, then we'll adjourn.

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24 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional  
Reporter and Notary Public for the State of Virginia at large, do hereby  
certify that I was the court reporter who took down and transcribed the  
proceedings of the **Virginia Tobacco Indemnification and Community  
Revitalization Commission Southwest Economic Development**

1   **Committee Meeting when held on Thursday, October 4, 2007 at 11:00**  
2   **a.m. at the Wytheville Meeting Center - Grand Ballroom B, Wytheville,**  
3   **Virginia.**

4                               I further certify this is a true and accurate transcript  
5   to the best of my ability to hear and understand the proceedings.

6                               Given under my hand this     day of November,  
7   2007.

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Medford W. Howard

13

Registered Professional Reporter

14

Notary Public for the State of Virginia at Large

15

16   My Commission Expires: October 31, 2010.

17   Notary Registration Number: 224566